

*As consumer protections take effect Monday, Welch argues for stronger legislation*

As new provisions to curb credit card company abuses took effect Monday, Rep. Peter Welch renewed his call for a strict cap on interest rates.

Citing recent moves by credit card companies to raise interest rates and impose new fees on consumers, Welch called for swift passage of the Restoring America's Commitment to Consumers Act (H.R. 4300), which would set a 16 percent ceiling on credit card interest rates.

"Cracking down on the abusive practices of credit card companies is like playing 'Whack-a-mole.' As soon as you rein in one of their schemes, they pop up with another," Welch said. "Mandating an across-the-board interest rate cap is the only way to keep credit card companies from charging rates that would make the mafia blush."

Welch renewed his call for an interest rate cap as key elements of the Credit CARD Act – more commonly known as the Credit Cardholders' Bill of Rights – took effect Monday. Welch fought to strengthen that bill last April by introducing an amendment to cap interest rates.

The Credit CARD ACT, which Welch voted for, includes the following provisions that will be enacted today:

- Prohibits arbitrary interest rate increases and universal default on existing balances;
- Prohibits issuers from charging over-limit fees unless the cardholder elects to allow the issuer to complete over-limit transactions, and also limits over-limit fees on electing cardholders;
- Requires payments in excess of the minimum to be applied first to the credit card balance with the highest rate of interest;
- Prohibits issuers from setting early morning deadlines for credit card payments;

- Prohibits interest charges on debt paid on time (double-cycle billing ban);
- Requires issuers extending credit to young consumers under the age of 21 to obtain an application that contains: the signature of a parent, guardian, or other individual 21 years or older who will take responsibility for the debt; or proof that the applicant has an independent means of repaying any credit extended;
- Protects recipients of gift cards by requiring all gift cards to have at least a five-year life span, and eliminates the practice of declining values and hidden fees for those cards not used within a reasonable period of time.

In addition to promoting consumer credit card protections, Welch has also been working to crack down on fees paid by small businesses every time customers pay with a credit or debit card. Welch is the author of the Credit Card Interchange Fees Act (H.R. 2382), which empowers small businesses to fight unfair swipe fees.